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ANNUAL REPORT 2006

The Corporation of the City of Brampton

Hard copy versions of the City of Brampton's 2006 Annual Report feature a wrap-around cover of one of four, 34.5" x 12.5" panoramic photos of Canada's Flower City. Click on images to view full screen

2008-04966/

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This report was prepared by:
The Corporation of the City of Brampton
Finance Department and Economic
Development & Communications Department

This report was designed and produced by:
City of Brampton Economic Development
and Communications Department

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Mayor Susan Fennell

Mayor's Message

A City That Works Beautifully

"...if you wisely invest in beauty, it will remain with you all the days of your life." These words by architect Frank Lloyd Wright aptly summarize City Council's approach towards nurturing the City of Brampton. Everything we do is geared towards continuing to build a green, sustainable, and thriving City that instills community pride today, and builds a legacy for tomorrow.

I'm proud to say the City of Brampton has evolved from a rural, bedroom community into a dynamic, multi-dimensional city - the 11th largest in Canada. Its current population of 445,000 is expected to reach more than 700,000 by 2031. Approximately 10,000 businesses, with a labour force of 175,000, are headquartered here. More than 200 companies, representing 4,000 new jobs, are established in the City each year. Brampton is one the largest construction markets in Canada, and it is booming.

Recognized nationally as a city of outstanding beauty, Brampton features a spectacular tree canopy, an excellent inventory of open spaces, plus state-of-the-art recreation and sports centres, accessible arts and culture facilities, and a true historic downtown.

I am pleased to report that in 2006, we made great progress in areas vital to the continued success of our beautiful City. The numerous awards the City received validate our accomplishments.

Most noteworthy, Standard & Poor's, one the world's leading credit rating agencies, awarded Brampton a prestigious Triple A credit rating for its debt-free position, exceptional liquidity levels, and thriving economy. This, the highest credit rating a municipality can receive, provides a solid indicator of the City's financial strength and reinforces its economic stability.

With only seven other municipalities in Canada enjoying a Triple A rating from Standard and Poor's, it also places Brampton among an elite group of cities that work.

The past year saw Brampton designated, under the provincial government's Growth Plan for the Greater Golden Horseshoe, as an Urban Growth Centre – an area identified to support continued growth during the next 25 years.

The Growth Plan sets out population and employment targets, and encourages the development of existing neighbourhoods while reducing outward expansion and developing vacant lands. The plan builds on the City's commitment to managed growth through sound urban planning, its 5,500 unit annual cap on residential development implemented early in 2006, and its new Official Plan approved in October.

I'm proud to say the new Official Plan addresses what matters most to the people of Brampton by focusing on policies that promote public transit, natural heritage and open space, cultural heritage, urban design, and economic development. The Plan supports a transit-oriented Brampton, with a pedestrian-friendly downtown core, preserved green spaces, and well-connected pathways. It provides for parks, and plans for high-growth needs.

I believe one can assess the health of a community by looking at its heart – the downtown core. I'm pleased to report that Brampton's heart is healthy

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Brampton City Council, 2006-2010, Seated (left to right)
Vicky Dhillon, City Councillor, Wards 9 & 10; Mayor Susan Fennell; John Sanderson, Regional Councillor, Wards 3 & 4.

Standing (left to right)
Paul Palleschi, Regional Councillor, Wards 2 & 6; Grant Gibson, Regional Councillor, Wards 1 & 5; Sandra Hames, City Councillor, Wards 7 & 8; Gael Miles, Regional Councillor, Wards 7 & 8; John Sprovieri, Regional Councillor, Wards 9 & 10; Elaine Moore, Regional Councillor, Wards 1 & 5; Bob Callahan, City Councillor, Wards 3 & 4; John Hutton, City Councillor, Wards 2 & 6.

and growing stronger every day thanks to our revitalization efforts. Queen Street, a marketplace for many years, is experiencing a renaissance with new living, working and retail spaces. Anchored by the stunning Rose Theatre Brampton with its pedestrian-friendly Garden Square, downtown Brampton is fast becoming a community and tourist focal point for events and festivals.

Our Flower City Strategy aims to beautify Brampton, preserve its natural and cultural heritage, and protect the environment. Community and business partnerships were instrumental in the City's receiving the prestigious Communities in Bloom "Best Blooming Community in Canada" Award. Last year, Brampton also reintroduced the tradition of a Flower City Parade to recall its flower town roots, enhance its community spirit, and highlight its renewal as the Flower City of Canada.

I believe that when government works closely with citizens, good cities can become great. Last year, more than 57,000 citizens took part in our annual spring and fall cleanup of streets, parks and ravines, saving taxpayers an estimated $1.7 million.

This community involvement, along with a sound growth strategy, is what has made and is continuing to make Brampton "a City that works beautifully".

Susan Fennell
Mayor
City of Brampton

City Manager's Message

Lorne V. McCool, City Manager

The highly motivated employees of the City of Brampton take their stewardship of our municipality seriously. Twenty-four hours a day, seven days a week, City staff are looking after the needs of Brampton's residents and businesses, and helping make our beautiful City an outstanding place to live, work, and play.

Strong corporate values, including a dedication to providing quality customer service and a willingness to be responsible and accountable, guide employees in accomplishing the myriad tasks needed to make the City work.

The positive response from satisfied citizens, businesses, and visitors, attests to the high calibre of our work force, as do the numerous industry awards staff have received for leading-edge programs and services. In 2006, these important awards included:

- Canadian Public Relations Society Award of Excellence
- Canadian Urban Transit Association: National Transit Corporate Recognition Award
- Economic Development Council of Ontario: 1st Place – Business Directory Category
- Government Technology Exhibition Committee: Silver Medal Distinction for City of Brampton Spider Project
- Landscape Ontario: Environmental Award
- Ontario Road Safety Award
- Toronto Sun Readers' Choice Bronze Award: Best Employer.

As City Manager, I'm proud to be leading this skilled and knowledgeable staff team in efficiently implementing Council's priorities for a vibrant, safe, and beautiful City, and in making 2006 one of our most successful years ever.

Lorne V. McCool
City Manager

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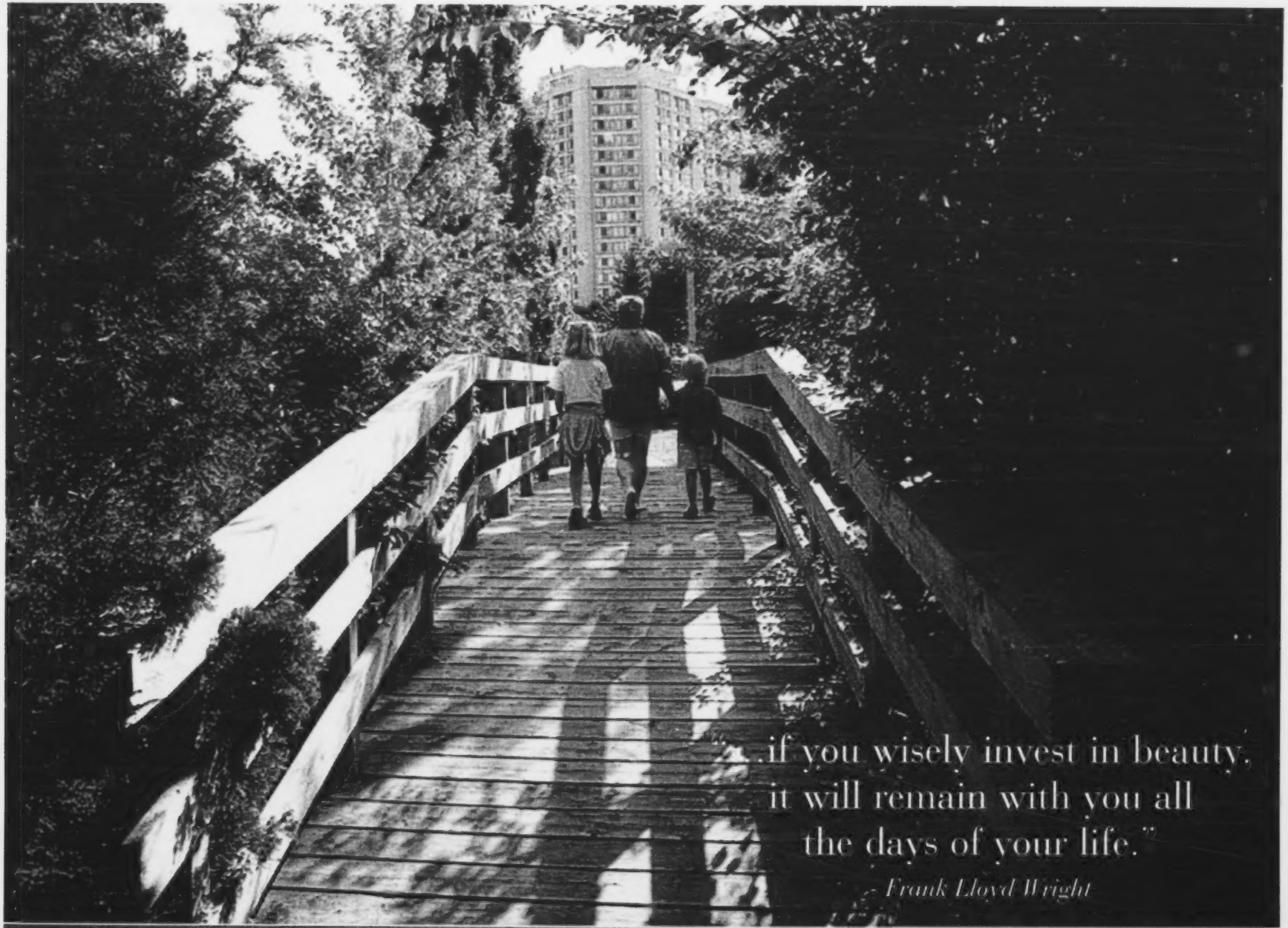

"...if you wisely invest in beauty,
it will remain with you all
the days of your life."
– Frank Lloyd Wright

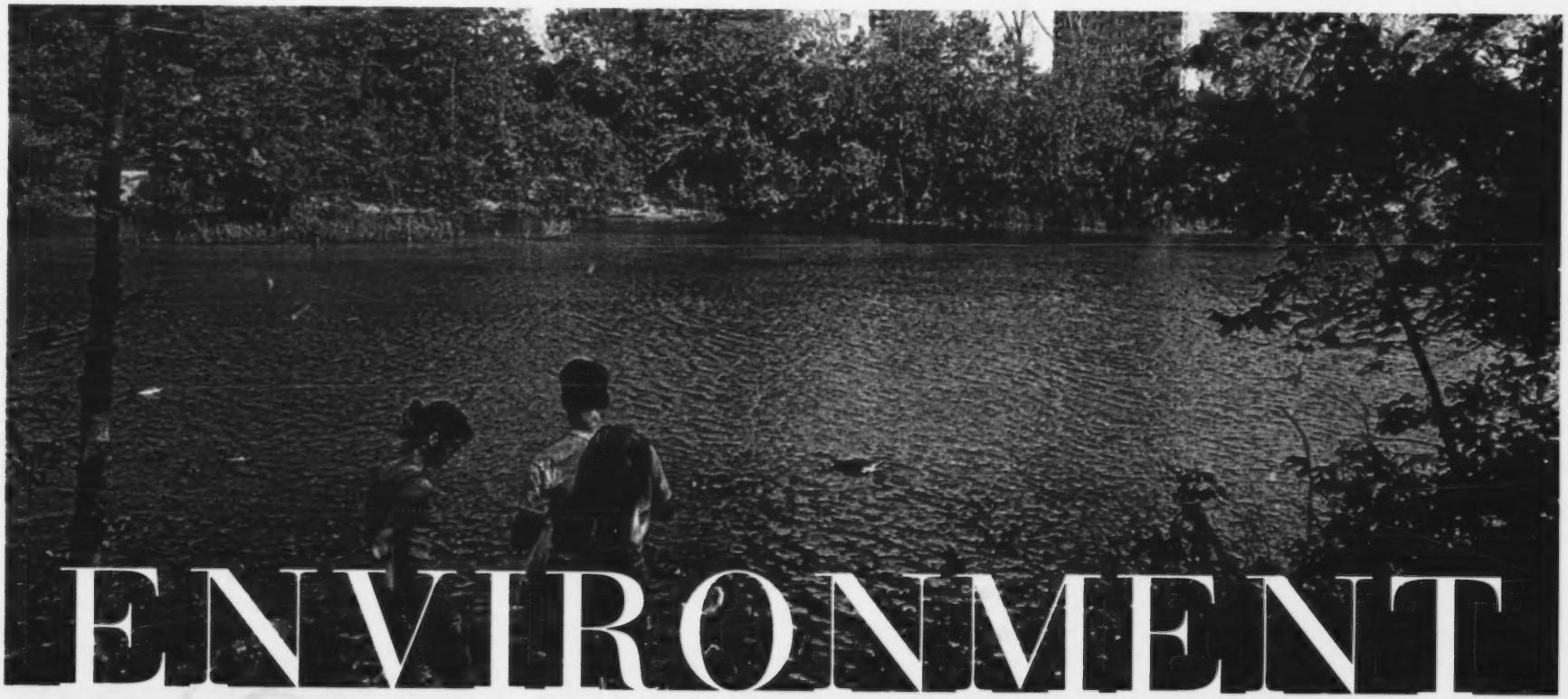
DIVERSITY

As an integral part of the cosmopolitan Greater Toronto Area and a staunch supporter of the 21st century's new globalism, Brampton embraces its dynamic multiculturalism. People from around the world have come together to live, work, and play in this City of the future.

Representing 62 distinct cultures and speaking 105 different languages, our citizens have enriched Brampton's quality of life and boosted its economy. Their unique entrepreneurial spirit shows itself in thriving communities, exciting cultural activities, synergistic networks and alliances, a global perspective, and an expanding local economy.

Welcoming diversity as a stimulus for growth, the City provides a wide range of programs and services to meet the diverse needs of everyone in the community. Since 2006, it has provided over-the-phone simultaneous interpretation in multiple languages to enhance communications to residents and businesses.

Brampton is committed to keeping its diverse population informed and engaged in developing a sustainable, multicultural environment with superior infrastructure and services.



ENVIRONMENT

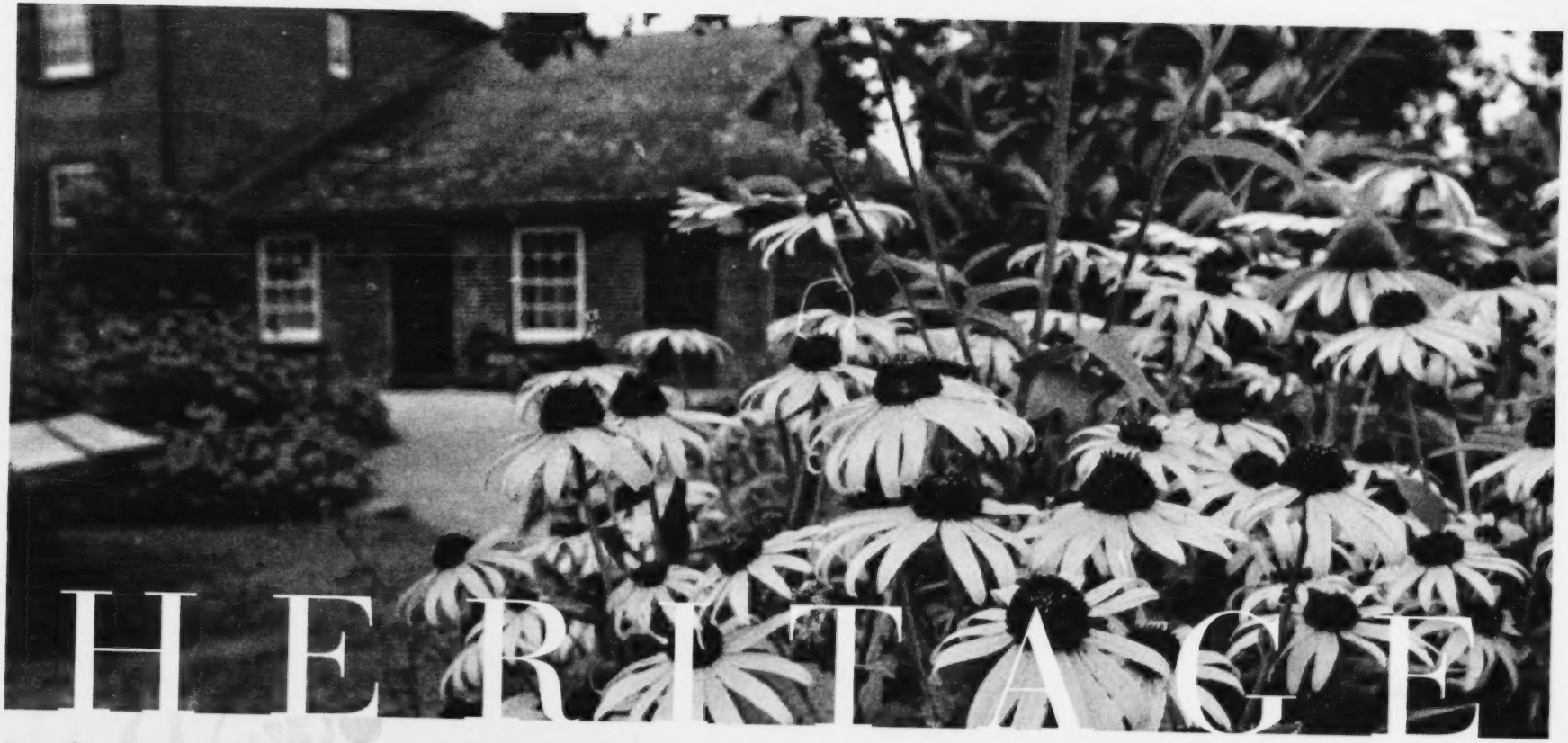
Cities around the world are taking environmental stewardship seriously. Brampton is helping to lead the way with its innovative, environment-friendly initiatives in transportation and waste management.

In fact, the Region of Peel's integrated waste management facility that processes 130,000 tons of recyclable material a year - the largest of its kind in Canada - is located in Brampton. The City operates a green fleet of Smart cars, hybrid vehicles, low-emission sweepers, and hi-tech salt-brine-spreaders that use less road salt, reducing salt run-off into streams.

Bio-diesel fuel is used in buses and diesel-powered fleet vehicles.

The City's Transportation and Transit Master Plan emphasizes the need for accessible, attractive and viable alternatives to private vehicles. A more efficient grid system, additional routes, and better scheduling have already increased bus use.

AcceleRide, a $280 million rapid transit system now in the works, will reduce harmful emissions and gridlock on City streets. A multitude of pedestrian and cycling trails offers a healthy, alternative way to get around.



HERITAGE

Brampton, with 415 properties on its heritage inventory, has inherited and expanded on a rich legacy of assets. But the City recognizes that heritage is more than just buildings and monuments. It also includes natural features and traditions that define the culture of a place.

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nowned as the flower ion capital of the British Empire, Brampton is now known as Canada's Flower City and hosts an annual Flower City Parade that celebrates its proud floral tradition.

The City boasts a wealth of natural heritage areas, including acres of parkland, and kilometres of cycling trails, that citizens can take pleasure in today, and preserve for generations to come.

Brampton's unique naturalization program in parks and open valley lands helps preserve environmentally sensitive areas.

The City recognizes that paying attention to our heritage – preserving buildings and traditions, and looking after our natural heritage – is environmentally friendly, stimulates the economy, and helps renew neighbourhoods.

ARTS & CULTURE

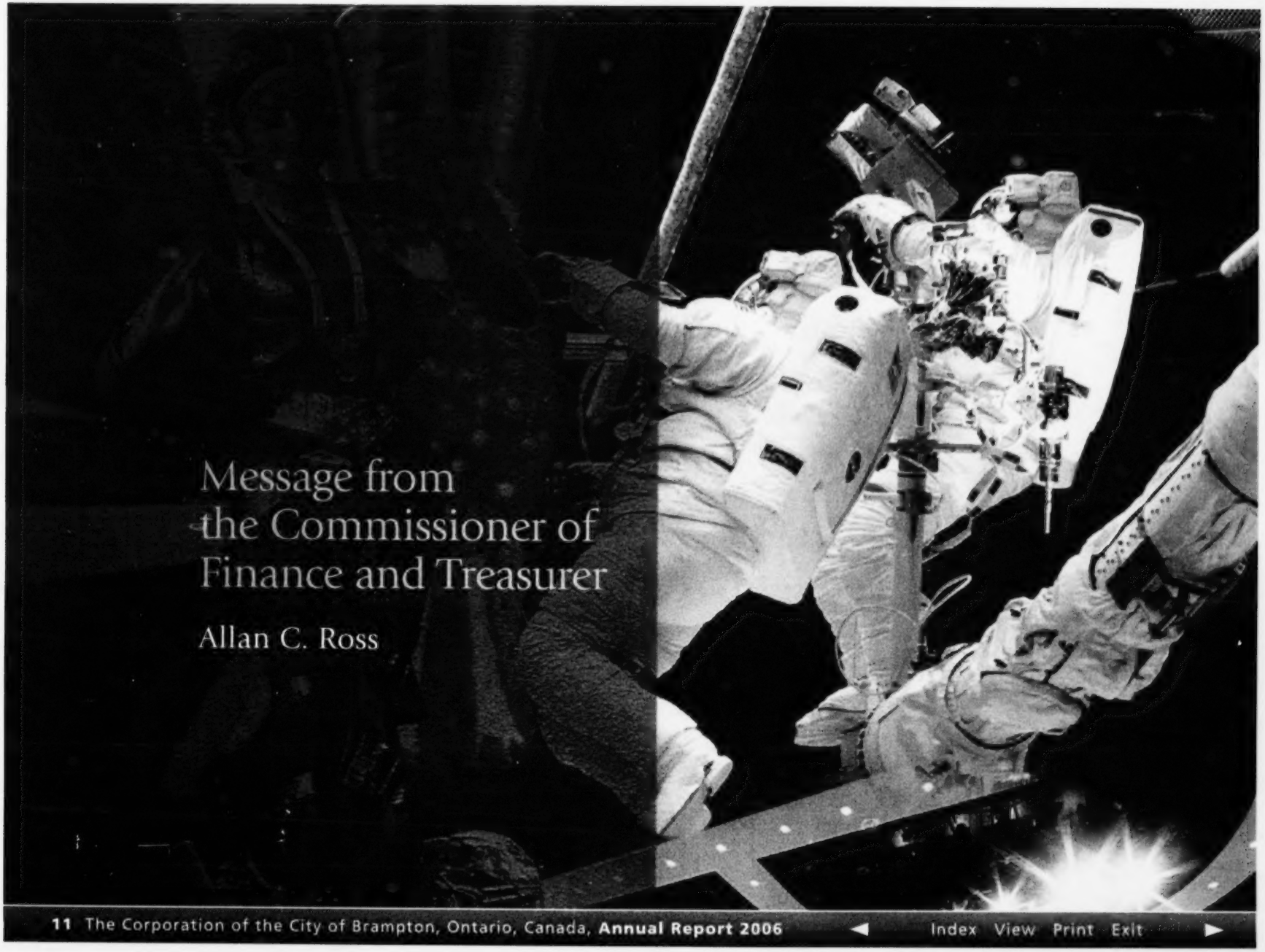
Businesses and residents alike are attracted to cities with a thriving arts and cultural community. This vibrant scene and its accompanying infrastructure help create jobs, attract tourists, and stimulate the economy.

The beautiful new Rose Theatre Brampton, with its pedestrian-friendly Garden Square, opened in 2006 and has served as a catalyst for the rebirth of Brampton's historic downtown and it is poised to become the creative arts and cultural centre of the City.

The Theatre has also helped to enrich community pride, stimulate construction jobs downtown, and enhance residents' quality of life. Since the downtown revitalization project began, 85 businesses have either opened or relocated to the core.

Downtown Brampton is fast becoming a community focal point for cultural events and festivals including Shakespeare in the Square and our Blazin' Summer Weekend.

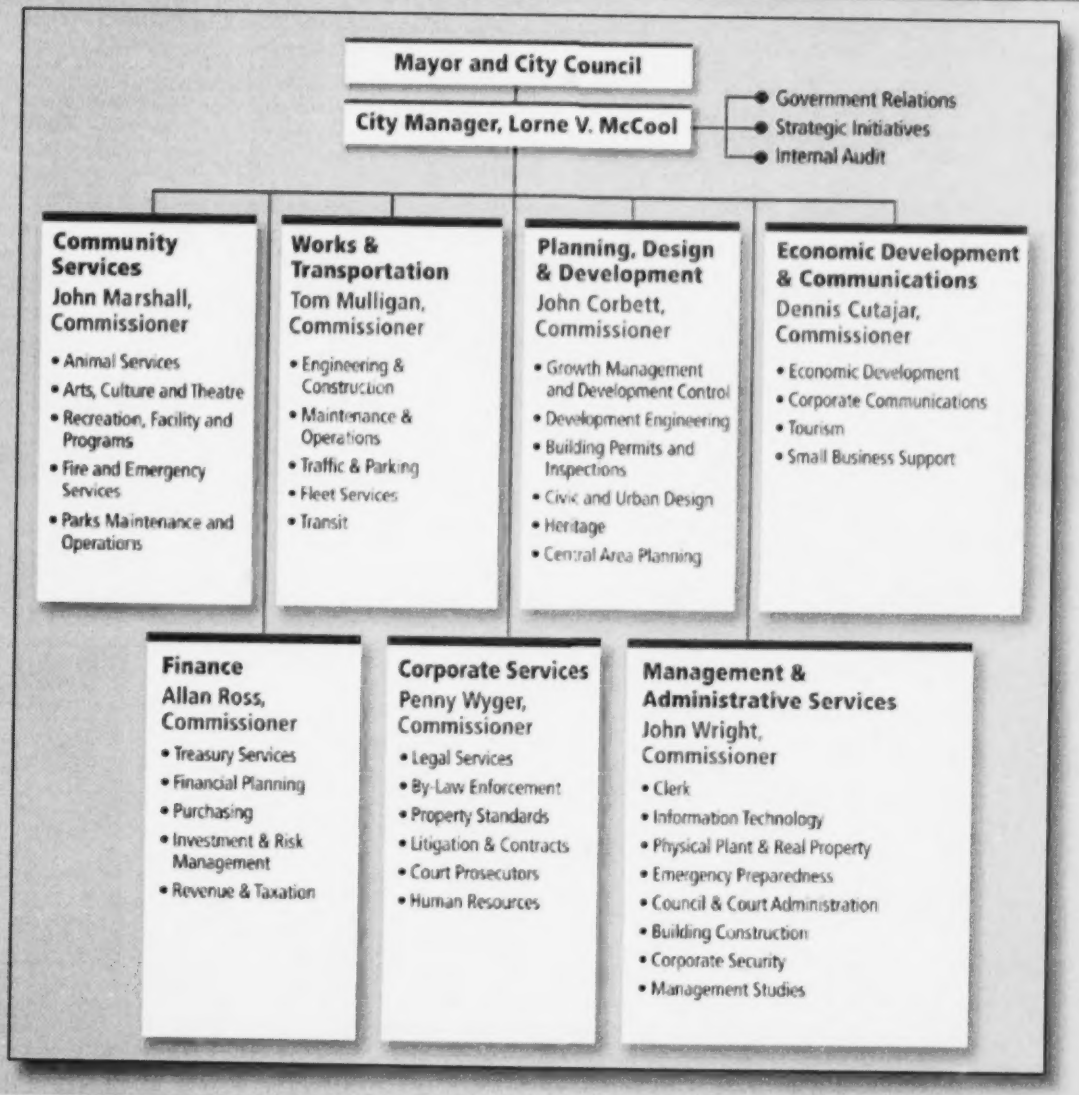
The downtown renaissance positively enriches the broader community and helps make our beautiful City a great place to live, work, and play.



Message from the Commissioner of Finance and Treasurer

Allan C. Ross

CITY OF BRAMPTON CORPORATE ORGANIZATIONAL CHART



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I am pleased to present the Financial Report for the City of Brampton for the 2006 fiscal year. This report provides taxpayers, residents, business leaders and other interested parties with an overview of the City's finances.

The growth rate in Brampton and resulting pressure to provide infrastructure and services continues to be a major financial challenge. The last of the appeals of the new 2004 Development Charges By-laws was resolved in February 2006. The new By-Laws go some way to addressing the pressure to provide roads, fire protection, public transit and other services earlier than planned. They cannot, however, address the impact of changes resulting from the Province of Ontario Development Charges Act passed in 1997. Due to the restrictions of this Act, a number of services, including parkland acquisition, information technology and administrative space required to service the rapid growth in the community, are no longer fundable through development charges. In addition, the majority of City services charges must be discounted to 90% of identified growth-related costs. This necessitates further tax-based funding for these growth-related costs.

Beyond the cost of acquiring or building the new infrastructure, the City is faced with the cost of operating the infrastructure, costs which are outpacing the additional taxes generated by the expanding property base. And like all municipalities, Brampton is facing a growing deficit in the financial resources available to maintain its expanding infrastructure base in a state of good repair. Combined, all of this is increasing the amount of effort that must be devoted to longer-term financial planning, strategic use of reserve funds, identification of new revenue sources and demonstration to the Provincial and Federal Governments of the need for more appropriate financial support.

BUDGET PROCESS

Preparation of the City's budget revolves around priority-setting to reflect the City's Strategic Plan and objectives. Priority-setting takes place at all levels of the organization including the functional level by departmental staff, Senior Management and City Council. Throughout the process, public input is taken into account, as expressed both through public opinion surveys and through public participation in regular and special open meetings.

The initial stages in the process involve:

1. Review of the current year's actual and projected financial performance and operating results.
2. Determination of priorities for maintaining and improving service levels and accommodating rapid growth.

These priorities are set out in the City's Service Plans which are linked to the Six Pillars in the City's 2003 Strategic Plan. The Service Plans translate key departmental initiatives into specific action plans and funding requirements.

3. Review of the City's longer-term financial outlook, with a 3-year operating budget projection, a 10-year forecast of capital project needs, and development of short and long-term funding strategies.
4. Identification of factors impacting the budget, such as inflation and legislative requirements, that are beyond the control of City decision-makers.

Separate Capital and Current budgets, although prepared in parallel, are closely linked in recognition of the impact that each budget has on the other. The capacity to fund, deliver and operate the enormous quantity of new capital infrastructure needed to accommodate growth continued to receive special attention in the 2006 budget process.

Budget submissions are consolidated and supported by analysis of budget drivers and justification of all proposed new initiatives. Senior Management then determines a recommended set of priorities for allocation of available resources. These proposed budgets and priorities are considered by Council in open public meetings, amendments are made as appropriate, and budget approval is granted.

FINANCIAL STATEMENTS

The accompanying consolidated financial statements and all other information included in this financial report are the responsibility of the management of the City of Brampton. The City's Financial Statements contained in this report have been prepared in accordance with the accounting principles and disclosure requirements of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

EXTERNAL AUDIT

Included in the Financial Statements is a report prepared by our statutorily appointed auditors, KPMG LLP, Chartered Accountants. The role of the statutory auditor is to present an independent opinion on the fair presentation of the City's financial position and operating results as contained in the Financial Report and confirm that the statements are free from material misstatements. The auditors are also responsible for advising management and City Council of any control or operational issues that may be identified during their audit.

The audit of the 2006 fiscal year resulted in KPMG LLP issuing an unqualified audit opinion, meaning that in the opinion of the Auditor, the City's financial statements fairly present the financial position of the Corporation of the City of Brampton as at December 31, 2006 and results of its operations and its cash flows for the year then ended. The receipt of an unqualified audit opinion from the City's auditors is consistent with all prior fiscal years.

FINANCIAL HIGHLIGHTS

The 2006 financial statements of the City of Brampton have been completed on a fund basis. Three fund types make up the City's financial statements: Operating Fund, Capital Fund and Reserve Funds. The results of these funds have been consolidated to report the overall financial position and financial activities of the City. The following is a financial summary for each fund type.

CURRENT FUND

Revenues of $291.9 Million reported in 2006 were higher than the budget by $3.6 Million or 1.2%. Revenues in 2006 were higher than 2005 by $35.3 Million largely due to the combined impact of City growth, increased tax rates and investment earnings.

Current year operating expenditures of $259.8 Million in 2006 were lower than the budgeted amount by $10.0 Million or 3.7%, primarily due to a milder winter and savings resulting from staff turnover. The current year operating expenditures were $16.6 Million higher than 2005 due to the continued high growth rate in Brampton and targeted service level increases as directed by City Council.

Transfers to the Capital Fund, Reserves, and Reserve Funds amounted to $36.0 Million in 2006 resulting in a net surplus of $296,480. This surplus will be treated as revenue for the 2007 fiscal year in accordance with the requirements of Section 290 of the Municipal Act, 2001.

CAPITAL FUND

Capital expenditures of $162.3 Million reported in 2006 were $21.3 Million higher than the capital expenditures reported in 2005. Major capital projects included road improvements and major road repairs, parkland acquisition and development, purchase of new buses, construction of new transit facilities and the Brampton Soccer Centre.

Capital projects were primarily financed by tax revenues and development charges. In compliance with City Council's direction of no external debt financing, capital works are financed on a "pay-as-you-go" or internally-financed basis.

RESERVE FUNDS

The City of Brampton has established a number of reserve funds to fund long-term liabilities, eliminate/minimize tax rate fluctuations, smooth expenditures and fund capital projects.

As at December 31, 2006, the City of Brampton's Reserves and Reserve Fund Balances totalled $257.0 Million as compared to $261.2 Million in 2005. The decrease of $4.2 Million from 2005 to 2006 was primarily due to Council approved internal loans to finance selected capital projects.

Included on the City's Statement of Financial Position are deferred revenues from gas taxes, Provincial transfer payments, development charges and other contributions from developers for future necessary growth-related capital works. These deferred revenues totalled $271.9 Million as at December 31, 2006 as compared to $169.2 Million in 2005, a net increase of $102.7 Million. The increase was due to the Provincial receipt of $95 Million, less $500,000 expended in 2006 (net $94.5 Million), for the AcceleRide Transit System. Total contributions received from development charges and other government transfers in 2006 amounted to $194.2 Million versus $64.2 Million in 2005. These contributions are recognized as revenue and transferred to the Capital Fund when applicable capital projects are initiated. The amount recognized as revenue in 2006 was $92.4 Million as compared to $88.8 Million in 2005. This reflects an increase in growth-related capital spending necessary due to the continued high rate of growth being experienced in the community.

Transfers from Reserves and Reserve Funds are required on an annual basis to fund portions of the City's operating costs and capital expenditure program. In addition, some of these transfers are directed towards insurance claims, replacement of assets, sick leave and Workers' Safety Insurance payouts and other city-related costs.

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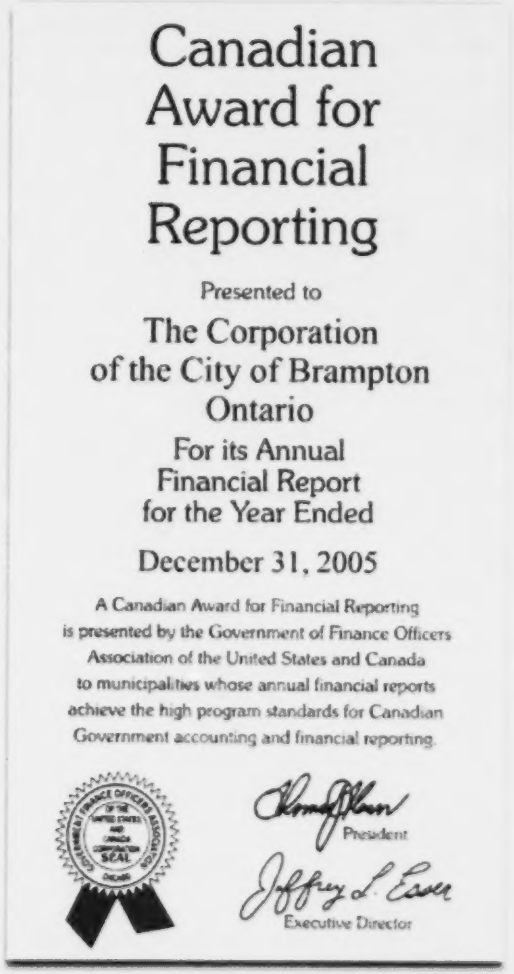
Staff continues to review reserve balances on a multi-year basis predicated on all known requirements in order to ensure the City is well positioned to meet future challenges and opportunities.

FINAL COMMENTS

During 2006, for the 5th consecutive year, the Government Finance Officers Association of the United States and Canada formally recognized the City's excellence in financial reporting with the awarding of a "Canadian Award For Financial Reporting" for the City's 2005 Annual Report.

The City of Brampton's 2006 achievements outlined in this annual report were predicated on the leadership provided by City Council and the support and dedication of staff. Going forward, the City will continue to be faced with the dual challenges of a growing population and an aging municipal infrastructure. In order to effectively meet these challenges and still provide the high level of service the citizens of Brampton have come to expect, we will need to sustain our focus on strategic financial management as well as continue to pressure senior levels of government for more appropriate financial support.

Allan C. Ross
Commissioner of Finance & Treasurer
May 31, 2007



Canadian Award for Financial Reporting

Presented to

The Corporation of the City of Brampton Ontario

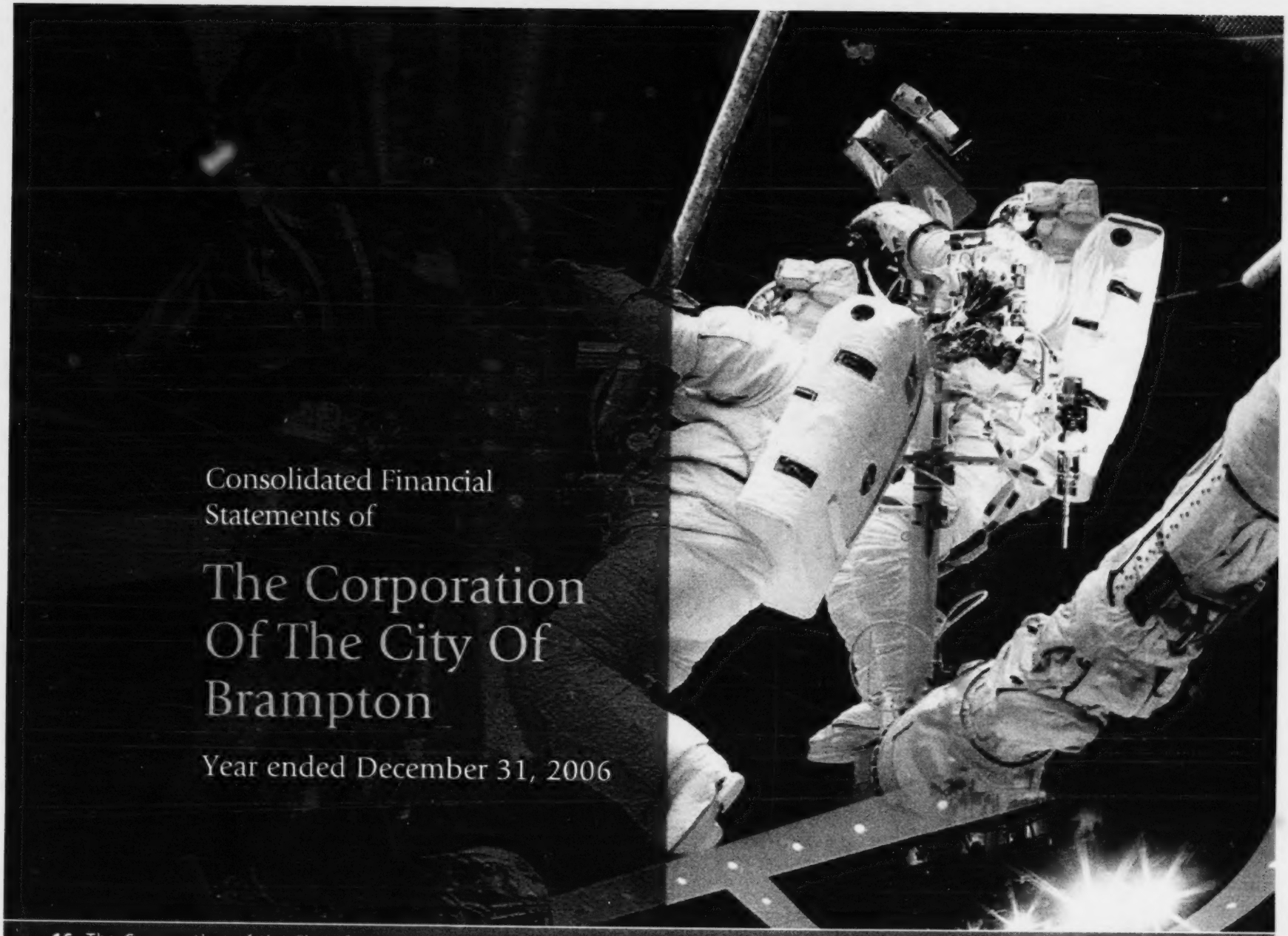
For its Annual Financial Report for the Year Ended

December 31, 2005

A Canadian Award for Financial Reporting is presented by the Government of Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.

President

Executive Director



Consolidated Financial Statements of

The Corporation Of The City Of Brampton

Year ended December 31, 2006

MANAGEMENT'S REPORT

The integrity, relevance and comparability of data in the accompanying consolidated financial statements are the responsibility of management.

The consolidated financial statements are prepared by management, in accordance with generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

City Council fulfils its responsibility for financial reporting through The Standing Committee of Council and its Audit Sub Committee. The Standing Committee of Council consists of the Mayor and 10 Councillors. The Audit Sub Committee consists of three Councillors.

KPMG^{LLP}, Chartered Accountants, have been appointed by City Council to express an opinion on The City's consolidated financial statements. Their report follows.

Lorne V. McCool
City Manager

Allan C. Ross
Commissioner of Finance & Treasurer

Brampton, Canada
May 4, 2007

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KPMG

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Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the City of Brampton

We have audited the consolidated statement of financial position of the Corporation of the City of Brampton as at December 31, 2006 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Brampton as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
March 30, 2007, except
for note 14, which is
as of May 4, 2007

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2006

	2006 $	2005 $
ASSETS		
Financial Assets		
Cash and short-term investments (Note 2)	321,932,238	220,641,911
Taxes receivable	44,911,170	53,132,988
User charges receivable	17,665,928	3,108,537
Accounts receivable	3,860,142	5,982,317
Long-term investments (Note 2)	453,242,594	446,694,299
Other Assets (Note 11)	7,984,110	7,984,110
TOTAL FINANCIAL ASSETS	**849,596,182**	**737,544,162**
LIABILITIES		
Accounts payable and accrued liabilities	77,989,232	67,586,195
Deferred revenue - general (Note 4 (a))	9,357,949	2,060,020
Deferred revenue - obligatory reserve funds (Note 4 (b))	271,889,711	169,230,582
Employee benefits and other liabilities (Note 5)	24,883,900	22,194,775
TOTAL LIABILITIES	**384,120,792**	**261,071,572**
Net Financial Resources	**465,475,390**	**476,472,590**
Other Non-Financial Assets		
Inventory and prepaids	4,326,369	2,931,894
TOTAL NET ASSETS	**469,801,759**	**479,404,484**

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	2006 $	2005 $
MUNICIPAL POSITION		
Amounts to be recovered		
From reserves and reserve funds on hand	(10,268,981)	(8,699,360)
From future revenues	(14,614,919)	(13,495,415)
TOTAL AMOUNTS TO BE RECOVERED	**(24,883,900)**	**(22,194,775)**
Fund Balances (Note 7)		
Current fund	296,480	99,906
Capital fund	237,334,130	240,249,473
Reserves	39,092,609	49,950,751
Reserve funds	217,962,440	211,299,129
TOTAL FUND BALANCES	**494,685,659**	**501,599,259**
TOTAL MUNICIPAL POSITION	**469,801,759**	**479,404,484**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
Year ended December 31, 2006

	Budget 2006 $ (unaudited) (Note 1(n))	Actual 2006 $	Actual 2005 $
REVENUES			
Property taxation (Note 3)	188,493,795	189,352,599	172,216,898
Taxation from other governments	949,000	1,460,756	1,541,666
User charges	76,772,096	74,157,662	59,653,029
Government grants	7,935,117	3,115,406	4,079,818
Development levies	122,080,809	92,358,084	88,751,566
Investment income - Current and Capital Funds	5,257,250	12,899,081	8,408,893
Investment income - Reserve and Reserve Funds	11,788,500	24,320,336	22,550,105
Penalties, Fines and Interest	13,476,776	12,791,413	13,389,534
Other	3,350,409	1,019,687	1,100,048
TOTAL REVENUES	**430,103,752**	**411,475,024**	**371,691,557**
EXPENDITURES			
Current			
General government	20,616,376	19,362,806	10,272,215
Protection to persons and property	55,196,695	53,637,736	51,359,201
Transportation services	86,226,651	81,381,485	78,204,879
Environmental services	1,662,938	1,662,938	2,102,917
Health services (cemeteries)	357,584	366,132	358,351
Social and family services	1,166,681	1,210,802	1,078,094
Recreation and cultural services	78,245,018	77,999,084	74,035,622
Planning and development	26,351,840	24,221,125	25,753,373
TOTAL CURRENT EXPENDITURES	**269,823,783**	**259,842,108**	**243,164,652**

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	Budget 2006 $ (unaudited) (Note 1(n))	Actual 2006 $	Actual 2005 $
Capital			
General government	13,939,531	10,792,450	18,916,788
Protection to persons and property	3,705,931	3,268,530	2,499,374
Transportation services	70,193,762	80,031,765	52,349,282
Environmental services	–	–	–
Health Services (cemeteries)		113,834	725,082
Social and Family services	–	–	39,981
Recreation and cultural services	66,541,776	68,058,269	65,798,951
Planning and development	1,425,597	365,268	961,945
TOTAL CAPITAL EXPENDITURES	**155,806,597**	**162,630,116**	**141,291,403**
TOTAL EXPENDITURES	**425,630,380**	**422,472,224**	**384,456,055**
Increase (decrease) in Net Financial Resources		(10,997,200)	(12,764,498)
Increase in amounts to be recovered		2,689,125	6,542,670
Increase (decrease) in non-financial assets		1,394,475	(11,900)
Increase (decrease) in Fund Balances		**(6,913,600)**	**(6,233,728)**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Year ended December 31, 2006

	2006 $	2005 $
OPERATIONS		
Increase (decrease) in Net Financial Assets	**(10,997,200)**	**(12,764,498)**
Uses:		
Increase in user charges receivable	(14,557,391)	–
Decrease in deferred revenue - obligatory reserve funds	–	(27,734,313)
TOTAL USES	**(14,557,391)**	**(27,734,313)**
Sources:		
Decrease in taxes receivable	8,221,818	7,677,791
Decrease in user charges receivable	–	2,438,370
Decrease in accounts receivable	2,122,175	9,308,779
Increase in accounts payable and accrued liabilities	10,403,037	2,028,519
Increase in deferred revenue - general	7,297,929	91,871
Increase in deferred revenue - obligatory reserve funds	102,659,129	–
Increase in employee benefits and other liabilities	2,689,125	6,542,670
TOTAL SOURCES	**133,393,213**	**28,088,000**
INVESTMENTS		
Increase in long-term investments	(6,548,295)	(47,679,209)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**101,290,327**	**(60,090,020)**
Opening cash and cash equivalents	220,641,911	280,731,931
Closing cash and cash equivalents	**321,932,238**	**220,641,911**

The accompanying notes are an integral part of these financial statements

The City of Brampton is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant accounting policies:

The consolidated financial statements of The Corporation of the City of Brampton (the "City") are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting Entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City.

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These financial statements include:

- **The City of Brampton Public Library Board**
- **Brampton Downtown Business Association**
- **Brampton Downtown Development Corporation**
- **Brampton Theatres Board of Directors**
- **Brampton Race Relations Action Council**

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

b) Non-consolidated entities:

The following Regional Municipality and local boards are not consolidated and should be contacted directly if examination of their annual audited financial statements is desired:

- **The Regional Municipality of Peel**
- **The Peel District School Board**
- **The Dufferin-Peel Catholic District School Board**
- **Conseil Scolaire de District du Centre-Sud Ouest**
- **Conseil Scolaire de District Catholique Centre-Sud**

c) Accounting for Region and School Board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of The Regional Municipality of Peel and the school boards are not reflected in the municipal fund balances of these financial statements.

d) Fund Accounting:

Funds within the consolidated financial statements consist of current, capital, reserves and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Trust funds and their related operations administered by the City are not included in these financial statements but are reported separately on the Trust Funds Financial Statements.

e) Basis of Accounting:

The City follows the accrual method of accounting. The accrual basis of accounting recognizes revenues, as they become measurable. Expenditures are the cost of goods or services acquired in the period whether or not payment has been made or invoices received.

f) Capital assets:

Expenditures made on capital assets are reported as capital expenditures on the statement of financial activities in the period incurred.

1. Significant accounting policies *(continued....)*:

g) Reserves and reserve funds:

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

h) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period in which events
giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been
met, and reasonable estimates of the amounts can be made.

i) Deferred revenue - General:

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

j) Deferred Revenue – Obligatory Reserve Funds

The City receives gas taxes and transfer payments from other levels of government and development charges under the authority of Provincial Legislation and City By-Laws. These funds by their nature are restricted in their use and until applied to applicable capital works are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

k) Taxation and related revenues:

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by City Council, incorporating amounts to be raised for local services, the requisition made by the Region of Peel in respect of Regional services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

l) Investment Income:

Investment income earned on available current funds, capital funds, reserves and reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

m) Pensions and Employee Benefits:

The City accounts for its participation in the Ontario Municipal Employee Retirement Fund (OMERS), a multi-employer public sector pension fund, as defined contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the City's employment.

Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees.

1. Significant accounting policies *(continued....):*

Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains / losses for event-triggered liabilities, such as those determined as claims related to WSIB are amortized over the average expected period during which the benefits will be paid.

Costs related to prior period employee services arising out of plan amendments are recognized in the period in which the plan is amended.

Where applicable, the City has set aside Reserve Funds intended to fund these obligations, either in full or in part. These Reserve Funds were created under municipal by-law and do not meet the definition of a plan asset under CICA PS 3250 Retirement Benefits. Therefore, for the purposes of these financial statements, the plans are considered unfunded.

n) Budget Figures:

Brampton City Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2006 is reflected on the Consolidated Schedule of Current Fund Operations and is included in budget figures shown in Consolidated Statement of Financial Activities.

Budgets established for the Capital Fund are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years. The budget reflected in the Consolidated Schedule of Capital Fund Operations and included in the budget figures shown in the Consolidated Statement of Financial Activities is an annual projected spending budget only. During 2006, Council approved transfers totaling $61,229,318 (2005- $49,666,988) from reserve funds for capital projects.

o) Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

2. Investments:

Included in cash and short-term investments are short-term investments of $318,276,227 (2005 -$196,167,085) with a market value of $ 323,943,500 (2005 - $197,828,808), at the end of the year.

Long-term investments of $453,242,594 (2005-$446,694,299) have a market value of $453,024,378 (2005-$449,225,757) at the end of the year.

3. Tax Revenues:

Property tax billings are prepared by the City based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). All assessed property values in the City were reviewed and values established based on a common valuation date of January 1, 2005, which was used by the City in computing the property tax bills. However, the property tax revenue and tax receivables of the City are subject to measurement uncertainty as a number of appeals submitted by ratepayers for adjustments to assessment have yet to be heard by the Assessment Review Board. A significant allowance has been recorded to

provide for possible negative adjustments. Further, changes to assessed value reflecting new construction is included in supplementary assessments prepared by "MPAC". Any billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with regional government and school boards as appropriate.

The Province enacted legislation together with regulations, the Fairness for Property Taxpayers Act, 1998 (Bill 79) in December 1998, which was replaced in 2000 by Bill 140, "Continued Protection for Property Taxpayers Act". These pieces of legislation limited assessment-related increases in property tax bills to 5 per cent annually for commercial, industrial and multi-residential classes of property until the affected properties were taxed at a level equivalent to taxes based on their actual current assessed value.

Effective for the 2005 tax year, Bill 83 "Budget Measures Act" raises the upper limit of assessment-related increases in property tax bills from the 5 per cent maximum in Bill 79 and Bill 140 to 10 per cent annually for commercial, industrial and multi-residential property classes.

4. (a) Deferred revenue – General:

Deferred Revenue – General is comprised primarily of program registration fees for Parks & Recreation programs, Transit Advertising revenues applicable for the following year and unspent Provincial funding for capital projects. As at December 31, 2006 the deferred revenue – general amounted to $9,357,949 (2005-$2,060,020).

(b) Deferred revenue – Obligatory Reserve Funds:

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as Federal / Provincial legislation and other City By-Laws/ agreements may restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the City are summarized below:

	2006	2005
Development charges	$144,616,263	$143,637,765
Parkland	23,646,240	24,325,346
Gasoline Tax – Province	1,306,227	1,319,938
Gasoline Tax - Federal	5,254,510	3,172,820
Accele Ride	94,500,000	–
Building Rate Stabilization	4,990,701	–
Unamortized Downtown Incentive Charges	(2,424,230)	(3,225,287)
TOTAL	**$271,889,711**	**$169,230,582**

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5. Employee benefits and other liabilities:

The City provides certain employee benefits, which will require funding in future periods. Under the sick-leave benefit plan, unused sick leave can accumulate and employees may become entitled to cash payment when they leave the City's employment. With respect to responsibilities under provisions of the Workplace Safety and Insurance Board Act the City has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements.

Employee benefits and other liabilities included in the financial statements are summarized below:

	2006	2005
WSIB	$3,831,003	$ 3,109,286
Accumulated Sick Leave Benefit Plan entitlements	5,841,328	5,184,577
Vacation Pay	5,987,837	5,609,162
Other Liabilities	9,223,732	8,291,750
SUBTOTAL	**$24,883,900**	**$22,194,775**
LESS: RECOVERABLE FROM RESERVES AND RESERVE FUNDS ON HAND	10,268,981	8,699,360
AMOUNT TO BE FUNDED FROM FUTURE REVENUE	**$14,614,919**	**$13,495,415**

5. Employee benefits and other liabilities *(continued....)*:

Actuarial valuations: The following table sets out the actuarial results for each of the plans as at December 31, 2006.

Item	Non-Pension Post Employment benefits	Vested sick leave benefits	Workers' compensation	2006 Total $	2005 Total $
Accrued Benefit obligation (ABO), beginning of year	$8,740,263	$7,045,976	$3,265,220	$19,051,459	$16,161,067
Add: Current service costs	530,339	615,031	1,232,978	2,378,348	1,743,163
Add: Increase due to plan amendment costs	1,187,687	–	–	1,187,687	1,483,508
Add: Interest Cost	603,065	425,650	210,723	1,239,438	1,068,196
Less: Current Benefit Payments	284,100	518,644	739,310	1,542,054	1,387,148
Expected Accrued Benefit Obligation (ABO) - end of the year	**$10,777,254**	**$7,568,013**	**$3,969,611**	**$22,314,878**	**$19,068,786**
Unamortized actuarial gain/(loss)	(5,053,768)	(1,744,530)	(138,608)	(6,936,906)	(7,477,179)
Liability for Benefits, at the end of the year, as determined by actuarial valuation	**$5,723,486**	**$5,823,483**	**$3,831,003**	**$15,377,972**	**$11,591,607**

As recommended by PSAB, the projected benefit method pro-rated on service has been adopted to attribute the cost of non-pension post employment benefits to the periods of employee service.

6. Pension Agreements:

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

The amount contributed to OMERS for 2006 was $8,845,118 (2005-$7,428,247) for current service and is included as an expenditure on the "Consolidated Statement of Financial Activities". Employee contributions totalled $8,845,118 (2005-$7,428,247)

7. Municipal fund balances at the end of the year:

Municipal fund balances at the end of the year reported on the "Consolidated Statement of Financial Position" are comprised of the following:

	2006 $	2005 $
CURRENT FUND	**296,480**	**99,906**
Unexpended capital financing (or capital operations not yet permanently financed) is comprised of:		
Capital expenditures to be recovered through reserve funds	(374,242)	(1,354,548)
Capital expenditures to be recovered from existing projects, provincial subsidy, cost recovery and government grants	(1,896,567)	(1,423,548)
Funds available for the completion of capital projects	239,604,939	243,027,569
CAPITAL	**237,334,130**	**240,249,473**
Reserves	39,092,609	49,950,751
Reserve Funds	217,962,440	211,299,129
Total Municipal Fund Balances	**494,685,659**	**501,599,259**

8. Expenditures by Object:

The following is a summary of the current and capital expenditures reported on the Consolidated Statement of Financial Activities by object:

	2006 $	2005 $
Salaries, wages and fringe benefits	$176,873,230	$163,431,203
Materials and supplies	42,972,265	36,208,070
Contracted services	30,861,023	36,537,713
Rents and financial expenses	8,105,358	5,983,648
Transfer payments	1,030,232	1,004,018
TOTAL CURRENT EXPENDITURES	**259,842,108**	**243,164,652**
Salaries, wages and fringe benefits	$5,264,697	$ 4,673,684
Materials and supplies	43,675,433	31,486,443
Contracted services	113,689,986	105,131,276
TOTAL CAPITAL EXPENDITURES	**162,630,116**	**141,291,403**

9. Trust funds:

Trust funds administered by the City amounted to $21,379,091 (2005-$8,488,633) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the City for the benefit of others, they are not presented as part of the City's financial position or financial activities.

10. Public liability insurance:

The City is self-insured for public liability claims up to $25,000 with the exception for Transit which is up to 10,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

The City has created a reserve fund for self-insurance which as at December 31, 2006 amounted to $773,316 (2005-$422,822) and is reported on the "Consolidated Statement of Financial Position". Claims settled during the year amounting to $1,030,000 (2005-$1,322,990) have been provided for from the reserve fund, and are accordingly reported as an expenditure on the "Consolidated Statement of Financial Activities".

In the normal course of its operations, the City is subject to various litigation and claims. Where management has assessed the likelihood of the success of the claim as more likely than not and where a reasonable estimate as to the exposure can be made, an accrual has been recorded in these financial statements. In some instances, the ultimate outcome of these claims cannot be determined at this time. However, the City's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

11. Brampton Centre for Sports and Entertainment (as of April 2005 known as Powerade Centre):

In 1998, the City advanced $6,000,000 towards the construction of the Brampton Centre for Sports and Entertainment (BCSE). This amount, defined as the "City Loan", has been reported as part of the "Other Assets" on the Consolidated Statement of Financial Position and is secured by a second mortgage with a due date of August 31, 2034. In addition, the City has guaranteed a first mortgage with a due date of January 1, 2019 with an outstanding principal balance of $ 11,460,835 as at December 31, 2006 (2005 - $12,088,733), which is defined as the "Project Loan".

The City has further agreed to fund any deficiencies of operating cash-flow under the "Project Loan" over 20 years as "Priority Advances" up to an annual maximum of $600,000 per year until $6,000,000 is reached, thereafter, at $300,000 per year. Should there continue to be cash-flow deficiencies after the operator, Real-Star, has contributed 50% of its annual management fees under the Complex Management Agreement with BSCE, the City is also liable for one-half of the remaining cash flow deficiencies. Included under Other Assets in the Consolidated Statement of Financial position is $1,984,110 (2005 - $1,984,110) representing amounts advanced under this agreement to December 31, 2006.

12. Provincial Offences Administration:

Effective June 28, 1999 the City of Brampton assumed the responsibilities of the Provincial Offences Act (POA) from the Ministry of the Attorney General.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-laws and minor federal offences.

The revenues of the combined operations of the Court House and City Hall and revenues collected on behalf of the City at other POA court sites in the Province of Ontario consist of fines levied under Parts I and III for POA charges and amounted to $4,479,987 for the year ended December 31, 2006. (2005-$4,654,990)

The operating costs for the administration of the Provincial Offences Act for year ending December 31, 2006 amount to $4,049,496 (2005-$4,274,323) , resulting in a net contribution of $430,491 (2005- $380,667) exclusive of capital costs.

The City of Brampton constructed POA Court-Hearing Facility, a permanent facility to accommodate the POA court operation (including courtrooms and accessory uses, an administration office and related requirements, on-site office space for prosecutors, a police bureau and accessory uses) and hearing rooms, which can be used for Ontario Municipal Board and Assessment Review Board hearings on a regular basis. The POA Court-Hearing Facility became operational in August 2004. The total cost of design and construction including acquisition of land amounted to $10.7 million. Funding for the POA Court-Hearing Facility has been provided from tax-based reserves.

13. Grant to The Sheridan College Institute of Technology and Applied Learning:

On February 10, 2003, with the approval of the 2003 Current and Capital Budgets, City Council authorized a payment schedule supporting five equal payments of $500,000 per year for five years to The Sheridan College of Institute of Technology and Applied Learning. These funds are contribution towards Sheridan for the development of a new center of Advanced Manufacturing and Design at their Brampton "Davis" Campus.

14. Subsequent Event:

On May 4, 2007, Bill 122, the Workplace Safety and Insurance Amendment Act (Presumptions for Firefighters), 2007, received Royal Assent. The Act provides for the eligibility of firefighters, and fire investigators, to receive compensation when they were deemed to have been subjected to certain illnesses and / or injuries sustained since January 1, 1960. The Act presumes that certain conditions, illnesses or injuries were work-related unless it can be demonstrated that the condition, illness or injury was a result of a non-work related incident, or was hereditary.

As a Schedule 2 employer under the Workplace Safety and Insurance Board Act, the City self insures itself against claims made under the provisions of this Act. As the City provides fire protection services, certain current and former employees of the City may be eligible to receive awards under the amended Act. At this point in time, it is not practical to determine what exposure, if any, the City has as a result of the amended Act coming to force, and consequently, no amount has been provided for in these financial statements.

CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS
Year ended December 31, 2006

	2006 Budget $ (unaudited) (Note 1(n))	2006 Actual $	2005 Actual $
REVENUES			
Property taxation	188,493,795	189,352,599	172,216,898
Taxation from other governments	949,000	1,460,756	1,541,666
User charges	76,772,096	74,157,662	59,653,029
Government grants	133,117	609,263	549,485
Investment income	5,257,250	12,592,716	8,221,371
Penalties, Fines and Interest	13,476,776	12,791,412	13,389,534
Other	3,350,409	1,019,688	1,091,315
TOTAL REVENUES	**288,432,443**	**291,984,096**	**256,663,298**
EXPENDITURES			
General government	20,616,376	18,375,598	10,550,396
Protection to persons and property	55,196,695	53,637,736	51,359,201
Transportation services	86,226,651	81,277,467	77,697,560
Environmental services	1,662,938	1,662,938	2,102,917
Health services (cemeteries)	357,584	366,132	358,351
Social and family services	1,166,681	1,210,802	1,078,094
Recreation and cultural services	78,245,018	77,695,835	74,276,730
Planning and development	26,351,840	24,221,125	25,753,373
TOTAL EXPENDITURES	**269,823,783**	**258,447,633**	**243,176,622**
NET REVENUE		**33,536,463**	**13,486,676**

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	2006 Budget $ (unaudited) (Note 1(n))	2006 Actual $	2005 Actual $
FINANCING AND TRANSFERS			
Employee benefits and other liabilities		2,689,125	6,542,670
Transfers to reserves and reserve funds		(32,714,151)	(16,010,097)
Transfers to Capital fund		(3,314,863)	(4,493,665)
NET FINANCING AND TRANSFERS		**(33,339,889)**	**(13,961,092)**
CHANGE IN CURRENT FUND BALANCE		**196,574**	**(474,416)**
Opening Current Fund Balance		99,906	574,322
CLOSING CURRENT FUND BALANCE		**296,480**	**99,906**

CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
Year ended December 31, 2006

	2006 Budget $ (unaudited) (Note 1(n))	2006 Actual $	2005 Actual $
REVENUES			
Grants:			
Government of Canada	3,041,000	–	587,772
Province of Ontario	4,761,000	2,337,822	2,942,561
Donations	–	179,117	8,733
TOTAL GRANTS	**7,802,000**	**2,516,939**	**3,539,066**
Investment Income	–	295,569	187,522
Development levies	122,080,809	92,358,084	88,751,566
TOTAL REVENUES	**129,882,809**	**95,170,592**	**92,478,154**
EXPENDITURES			
General Government	13,939,531	10,792,450	18,916,788
Protection to persons and property	3,705,931	3,268,530	2,499,374
Transportation services	70,193,762	80,031,765	52,349,282
Health Services (cemeteries)	–	113,834	725,082
Social & Family services	–	–	39,981
Recreation and cultural services	66,541,776	68,058,269	65,798,951
Planning and development	1,425,597	365,268	961,945
TOTAL EXPENDITURES	**155,806,597**	**162,630,116**	**141,291,403**
NET REVENUES/(EXPENDITURES)		**(67,459,524)**	**(48,813,249)**

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	2006 Budget $ (unaudited) (Note 1(n))	2006 Actual $	2005 Actual $
FINANCING AND TRANSFERS			
Transfers from Revenue Fund		3,314,863	4,493,665
Transfers from Reserve Funds		61,229,318	49,666,988
NET TRANSFERS		**64,544,181**	**54,160,653**
CHANGE IN CAPITAL FUND BALANCE		**(2,915,343)**	**5,347,404**
Opening Capital Fund Balance		240,249,473	234,902,069
CLOSING CAPITAL FUND BALANCE		**237,334,130**	**240,249,473**

	2006 Actual $	2005 Actual $
REVENUES		
Investment income	24,320,336	22,550,105
TOTAL REVENUE	**24,320,336**	**22,550,105**
NET TRANSFER FROM / (TO) OTHER FUNDS		
Transfers from / (to) current fund	32,714,151	16,010,097
Transfers from / (to) capital fund	(61,229,318)	(49,666,988)
TOTAL NET TRANSFER	**(28,515,167)**	**(33,656,891)**
CHANGE IN RESERVES AND RESERVE FUND BALANCE	**(4,194,831)**	**(11,106,786)**
Opening Reserves and Reserve Fund Balance	261,249,880	272,356,666
CLOSING RESERVES AND RESERVE FUND BALANCE	**257,055,049**	**261,249,880**
ANALYZED AS FOLLOWS:		
Reserves set aside for specific purposes by Council:		
Library board contingencies	675,196	656,933
Downtown Improvement	30,000	30,000
General Rate Stabilization	38,387,413	49,263,818
TOTAL RESERVES	**39,092,609**	**49,950,751**

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CONSOLIDATED SCHEDULE OF RESERVE AND RESERVE FUNDS (continued)
Year ended December 31, 2006

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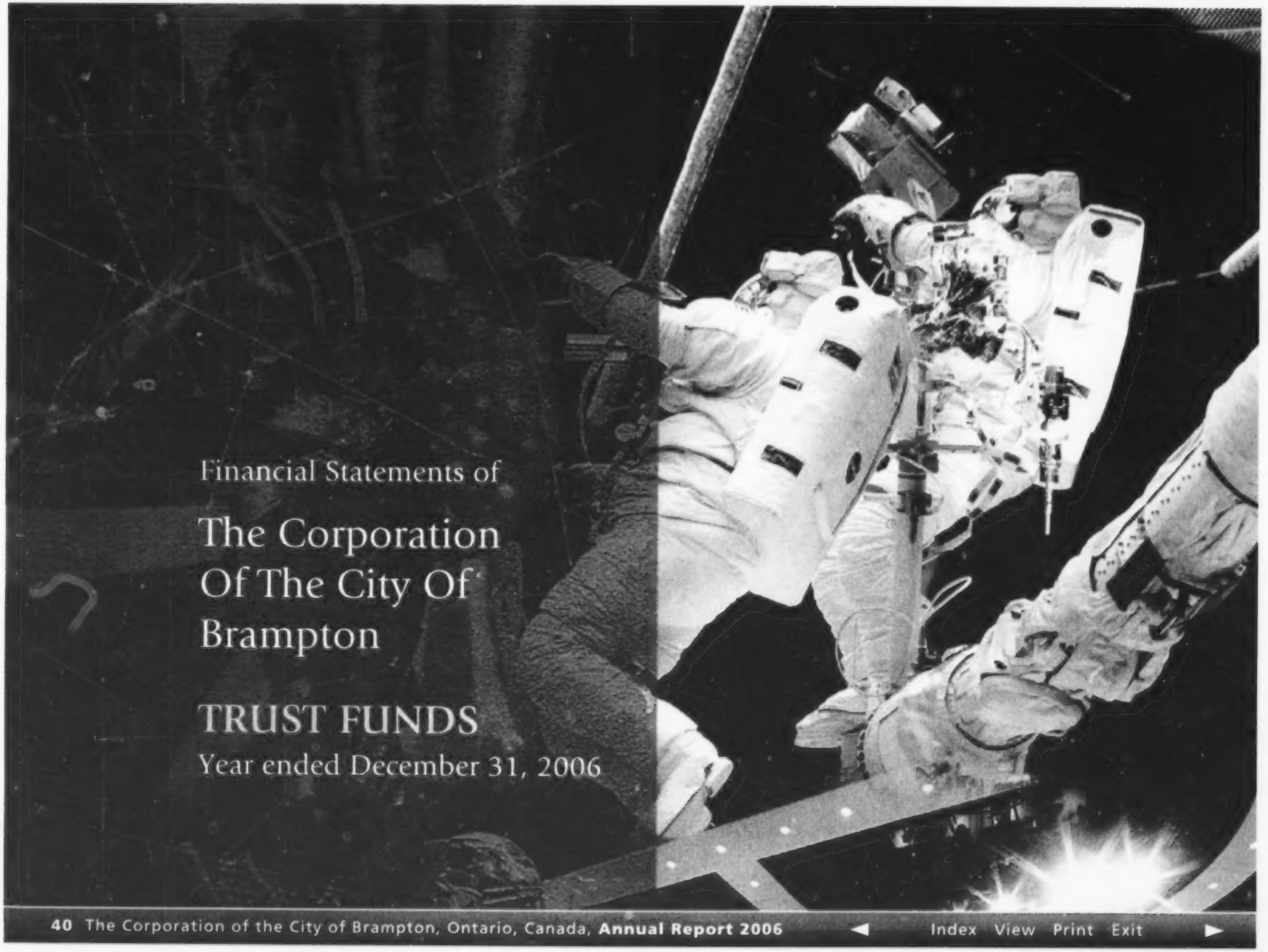
	2006 Actual $	2005 Actual $
Reserve Funds set aside for specific purposes by Council:		
Lot Levies	1,352,268	1,194,019
Recreation facilities repairs and renovations	182,767	149,658
Acquisition or replacement of assets	17,388,449	16,566,419
Conversion of employee sick leave credit plan	5,664,662	5,485,477
Self insurance	773,316	422,822
Omex retros	275,665	266,945
Corporate properties	2,519,741	2,503,449
Firefighters' 27th bi-weekly pay date (2008)	462,357	447,732
Transportation Initiatives Res. Fund	3,055,000	–
Rate stabilization	14,167,789	14,855,006
Employee benefit rate stabilization	7,571,881	4,029,891
Workers' compensation	6,757,327	6,206,080
Community Investment/Community Dividend/Legacy	156,584,290	156,653,906
Other purposes	1,206,928	2,517,725
TOTAL RESERVE FUNDS	**217,962,440**	**211,299,129**
TOTAL RESERVE AND RESERVE FUNDS	**257,055,049**	**261,249,880**



Financial Statements of

The Corporation Of The City Of Brampton

TRUST FUNDS

Year ended December 31, 2006

KPMG

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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the City of Brampton

We have audited the consolidated statement of financial position of the Corporation of the City of Brampton as at December 31, 2006 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Brampton as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the perpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedule is presentec for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all materia respects, in relation to the basic financial statements taker as a whole.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

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STATEMENT OF FINANCIAL POSITION
TRUST FUNDS
December 31, 2006, with comparative figures for 2005

	Cemeteries Care and Maintenance Trust Funds $	Developers' Performance Deposits Trust $	Developer Front End Financing Trust Fund $	BMB, GTA and GTMA Trust Funds $	2006 Total $	2005 Total $
Financial Assets and Liabilities						
Assets						
Cash	177,716	20,248,654	223,342	44,572	20,694,284	2,969,589
Accounts receivable	2,061	118,251	806	161	121,279	23,128
Due from City Revenue Fund	6,145	–	–	–	6,145	4,910,307
SUBTOTAL	**185,922**	**20,366,905**	**224,148**	**44,733**	**20,821,708**	**7,903,024**
Investments, at cost (market - $602,785 2005 - $707,622):						
Federal	99,018	–	–	–	99,018	99,018
Canada bonds - corporate	–	42,000	–	–	42,000	66,767
Provincial bonds	129,774	–	–	–	129,774	202,795
Municipal bonds	382,513	–	–	–	382,513	382,513
SUBTOTAL	**611,305**	**42,000**	**–**	**–**	**653,305**	**751,093**
TOTAL ASSETS	**797,227**	**20,408,905**	**224,148**	**44,733**	**21,475,013**	**8,654,117**
Liabilities						
Accounts payable	–	–	–	–	–	165,049
Due to City Revenue Fund	–	95,922	–	–	95,922	435
TOTAL LIABILITIES	**–**	**95,922**	**–**	**–**	**95,922**	**165,484**
Net financial resources	797,227	20,312,983	224,148	44,733	21,379,091	8,488,633
FUND BALANCES	**797,227**	**20,312,983**	**224,148**	**44,733**	**21,379,091**	**8,488,633**

See accompanying notes to financial statements.

STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCE
TRUST FUNDS
December 31, 2006, with comparative figures for 2005

	Cemeteries Care and Maintenance Trust Funds	Developers' Performance Deposits Trust	Developer Front End Financing Trust Fund	BMB, GTA and GTMA Trust Funds	2006 Total	2005 Total
	$	$	$	$	$	$
Revenue						
Monuments and markers deposits	4,900	–	–	–	4,900	4,450
Perpetual Care deposits	50,262	–	–	–	50,262	22,686
Other deposits - Trusts	9,500	–	–	–	9,500	–
Gain on sale of investments	2,212	–	–	–	2,212	3,667
Performance deposits received	–	14,784,995	–	–	14,784,995	3,074,402
Marketing initiatives	–	–	–	–	–	20,000
SUBTOTAL	**66,874**	**14,784,995**	**–**	**–**	**14,851,869**	**3,125,205**
Interest income	36,852	55,863	8,797	1,630	103,142	219,495
TOTAL REVENUES	**103,726**	**14,840,858**	**8,797**	**1,630**	**14,955,011**	**3,344,700**

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STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCE (continued)
TRUST FUNDS
December 31, 2006, with comparative figures for 2005

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	Cemeteries Care and Maintenance Trust Funds $	Developers' Performance Deposits Trust $	Developer Front End Financing Trust Fund $	BMB, GTA and GTMA Trust Funds $	2006 Total $	2005 Total $
Expenditures						
Transfers to City Revenue Fund:						
Maintenance contribution	36,792	–	–	–	36,792	21,530
Interest transfer	–	55,831	–	–	55,831	186,846
Administration charges	60	–	–	–	60	314
Subtotal	**36,852**	**55,831**	**–**	**–**	**92,683**	**208,690**
Marketing initiatives	–	–	–	–	–	64
Return of performance deposits	–	1,723,063	–	–	1,723,063	1,772,230
Payments on behalf of developers	–	248,807	–	–	248,807	75,998
Total Expenditures	**36,852**	**2,027,701**	**–**	**–**	**2,064,553**	**2,056,982**
Increase (decrease) in net financial resources	66,874	12,813,157	8,797	1,630	12,890,458	1,287,718
Fund balances, beginning of year	730,353	7,499,826	215,351	43,103	8,488,633	7,200,915
FUND BALANCES, END OF YEAR	**797,227**	**20,312,983**	**224,148**	**44,733**	**21,379,091**	**8,488,633**

See accompanying notes to financial statements.

1. Significant accounting policies:

Revenue recognition:

(a) Receipts, other than interest and letters of credit receipts, are reported on receipt. Interest income and letters of credit receipts are recorded on the accrual basis of accounting.

(b) Returns of performance deposits are reported in the periods in which they are paid either directly by the Trust Funds or through The City of Brampton (the "City") funds. All expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Investments, including any term deposits not available on demand, are reported at the lower of cost and market value.

2. Cemeteries Care and Maintenance Trust Funds:

The City maintains several cemeteries, including the following which have Care and Maintenance Trust Funds which the City administers: Brampton, Page, Hilltop Gore, Shiloh, Alloa, Grahamsville, Zion, Mt. Olivet, St. John - Castlemore, St. John – Snelgrove, St. Mary – Tullamore and Eventide. Interest income attributable to each of the individual Trust Funds that is received during any particular year is transferred to the City Revenue Fund in that year to partially offset the maintenance cost for each cemetery to which the individual Trust Funds relate. The operations and investments of the fund are undertaken by the City in accordance with the regulation of the "Cemeteries Act (Revised)."

3. Developers' Performance Deposits Trust:

The Developers' Performance Deposits Trust was established for the following purposes:

(a) To hold performance deposits made by individual parties to the City as assurance that specific obligations agreed upon are fulfilled. Once fulfilled, the deposit held is returned to the respective party.

(b) When a party develops a property in the City, generally a letter of credit is obtained from the party's bank, which provides a guarantee to the City that the contract will be completed as specified. Otherwise, the City is able to draw upon the letter of credit and to deposit the funds in the Trust to be later used to pay a third party to complete the contract.

(c) As amounts are not significant enough to warrant their own trust, municipal election campaign surpluses of registered candidates are held in this Trust. In accordance with the Municipal Election Law Section 132(a)(i), the surplus should be held in trust until "the next regular election." At December 31, 2006, nil campaign surpluses are held in this Trust (2005 - $3,252).

4. Developer Front End Financing Trust Fund:

The Front End Financing Trust Fund was established in 1993 to receive contributions from developers for studies and construction of services which not only benefit their particular development, but will also ultimately benefit other future development. The Front End Developers provide the initial financing in lieu of the City for the required studies and capital works and enter into agreements with the City to recover the costs associated with other benefiting landowners on a best effort basis.

5. Brampton Marketing Board, Greater Toronto Area and Greater Toronto Marketing Alliance:

The Brampton Marketing Board (the "BMB"), the Greater Toronto Area (the "GTA") and the Greater Toronto Marketing Alliance (the "GTMA") Trust Funds were established to hold contributions made from the development and business community. The Trust Funds were formed as partnerships between the BMB, the GTA and the GTMA. Their mandate is to attain corporate and municipal sponsorship of marketing initiatives for the City, the GTA and the GTMA.

FIVE YEAR REVIEW SUMMARY (continued)

(Not subject to audit; all dollar amounts are in thousands except per capita figures.)
(See accompanying notes and schedules to financial statements.)

continued from previous page

	2006	2005	2004	2003	2002
TAXES RECEIVABLE, END OF THE YEAR					
Amount	$44,911	$53,133	$60,811	$43,025	$41,746
Per capita	$103	$126	$152	$116	$118
Percentage of years' levy	7.29%	9.26%	11.31%	8.99%	9.41%
NET LONG-TERM LIABILITIES, END OF YEAR					
Amount	–	–	–	–	$363
Per Capita	–	–	–	–	$1
CHARGES FOR NET LONG-TERM LIABILITIES					
Amount	–	–	–	$397	$1,945
Per capita	–	–	–	$1	$6
As a tax rate/mill rate (Note 3)	–	–	–	0.001%	0.009%
LONG-TERM DEBT SUPPORTED BY PROPERTY TAXES					
Gross Long-Term Debt (Note 4)	–	–	–	–	–
Net Long-Term Debt (Note 4)	–	–	–	–	–
DEBT REPAYMENT LIMIT					
	$62,455	$59,647	$54,466	$45,021	$35,935

(as determined by the Province of Ontario)

FIVE YEAR REVIEW SUMMARY (continued)

(Not subject to audit; all dollar amounts are in thousands except per capita figures.)
(See accompanying notes and schedules to financial statements.)

	2006	2005	2004	2003	2002
TAXES COLLECTED					
City collection	$190,813	$173,759	$155,858	$136,020	$118,060
Taxes Transferred to the Region	209,480	195,482	179,482	161,730	156,068
Taxes Transferred to the School Boards	215,255	205,829	204,023	182,840	172,777
TOTAL	**$615,548**	**$575,070**	**$539,363**	**$480,590**	**$446,905**
TRUST FUNDS BALANCE - END OF YEAR	$21,379	$8,489	$7,201	$6,427	$5,470
CURRENT FUND OPERATIONS: REVENUES BY SOURCE					
Taxation - City only	$189,353	$172,217	$154,369	$135,113	$116,624
Payment in lieu of taxes	1,461	1,542	1,489	907	1,437
User charges	74,157	59,653	70,851	64,740	59,452
Government grants	609	549	600	642	664
Other	26,403	22,702	19,234	18,822	21,215
TOTAL	**$291,983**	**$256,663**	**$246,543**	**$220,224**	**$199,392**

continued on next page

FIVE YEAR REVIEW SUMMARY (continued)

(Not subject to audit; all dollar amounts are in thousands except per capita figures.)
(See accompanying notes and schedules to financial statements.)

continued from previous page

	2006	2005	2004	2003	2002
CURRENT EXPENDITURES BY FUNCTION					
General government	$18,375	$10,550	$8,309	$8,614	$8,161
Protection to persons and property	53,638	51,359	46,375	41,056	34,791
Transportation services	81,277	77,698	62,858	56,796	48,113
Environment services	1,663	2,103	1,701	1,918	1,784
Health services (cemeteries)	366	358	452	387	384
Social and family services	1,211	1,078	296	285	111
Recreation and cultural services	77,696	74,277	63,929	57,802	52,753
Planning and development	24,221	25,753	22,009	19,114	15,879
TOTAL	**$258,447**	**$243,176**	**$205,929**	**$185,972**	**$161,976**
Financing raised less expenditures	33,536	13,487	40,614	34,252	37,416
Net transfers from (to) other City Funds	(33,340)	(13,961)	(40,385)	(34,135)	(37,321)
CURRENT FUND BALANCE - BEGINNING OF YEAR	**$100**	**$574**	**$345**	**$228**	**$133**
CURRENT FUND BALANCE - END OF YEAR	**$296**	**$100**	**$574**	**$345**	**$228**

FIVE YEAR REVIEW SUMMARY (continued)

(Not subject to audit; all dollar amounts are in thousands except per capita figures.)
(See accompanying notes and schedules to financial statements.)

	2006	2005	2004	2003	2002
CAPITAL FUND OPERATIONS: REVENUES BY SOURCE					
Financing raised Grants	$2,517	$3,539	$5,375	$2,147	$1,497
Development levies (Note 5)	92,358	88,751	71,260	62,049	38,760
Other	296	188	198	543	53
TOTAL	**$95,171**	**$92,478**	**$76,833**	**$64,739**	**$40,310**
CAPITAL EXPENDITURES BY FUNCTION					
General government	$10,792	$18,917	$11,838	$9,814	$5,938
Protection to persons and property	3,268	2,499	10,789	6,893	7,780
Transportation services	80,032	52,349	42,006	33,851	37,438
Environmental services (storm water management)	–	–	177	–	–
Health services (cemeteries)	114	725	62	33	22
Social and Family services	–	40	–	–	–
Recreation and cultural services	68,059	65,799	41,518	25,300	19,039
Planning and development	365	962	293	457	197
TOTAL	**$162,630**	**$141,291**	**$106,683**	**$76,348**	**$70,414**
Financing raised less expenditures	(67,459)	(48,813)	(29,850)	(11,609)	(30,104)
Net transfers from (to) other City funds	64,544	54,160	80,123	93,562	54,885
CAPITAL FUND BALANCE - BEGINNING OF YEAR	**240,249**	**234,902**	**184,629**	**102,676**	**77,895**
CAPITAL FUND BALANCE - END OF YEAR	**$237,334**	**$240,249**	**$234,902**	**$184,629**	**$102,676**
CURRENT EXPENDITURES BY OBJECT (note 6)					
Salaries, wages and employee benefits	$176,873	$163,431	$141,794	$122,162	$106,557
Long term debt payments	–	–	–	397	397
Goods and services	82,969	79,733	64,308	63,055	55,560
TOTAL	**$259,842**	**$243,164**	**$206,102**	**$185,614**	**$162,514**

FIVE YEAR REVIEW SUMMARY (continued)

(Not subject to audit; all dollar amounts are in thousands except per capita figures.)
(See accompanying notes and schedules to financial statements.)

	2006	2005	2004	2003	2002
CAPITAL EXPENDITURES BY OBJECT					
Salaries, wages and fringe benefits	$5,265	$4,674	$2,262	$2,040	$797
Materials and supplies	43,675	31,486	36,503	32,084	35,884
Contracted services	113,690	105,131	67,918	42,224	33,733
TOTAL	**$162,630**	**$141,291**	**$106,683**	**$76,348**	**$70,414**
RESERVE AND RESERVE FUND OPERATIONS: REVENUES BY SOURCE					
Investment income	24,320	22,550	23,616	24,006	24,931
Other	–	–	–	–	71
TOTAL	**$24,320**	**$22,550**	**$23,616**	**$24,006**	**$25,002**
Net transfers from (to) other City funds	(28,515)	(33,656)	(37,880)	(59,035)	(19,450)
RESERVE & RESERVE FUND BALANCE - BEGINNING OF YEAR	**261,250**	**$272,356**	**$286,620**	**$321,649**	**316,097**
RESERVE & RESERVE FUND BALANCE - END OF YEAR	**$257,055**	**$261,250**	**$272,356**	**$286,620**	**$321,649**

FIVE YEAR REVIEW SUMMARY (continued)

(Not subject to audit; all dollar amounts are in thousands except per capita figures.)
(See accompanying notes and schedules to financial statements.)

Note 1: Source of population data is from City of Brampton, Planning, Design and Development Department - which uses data derived from Hemson Consulting.

Note 2: Source of household data is the Municipal Property Assessment Corporation (MPAC) reports.

Note 3: Taxation related information reflect Current Value Assessment (CVA). These data may not be comparable to those of prior years.

Note 4: By the order of City Council, the current outstanding long-term debt is to be financed from existing reserve funds.

Note 5: As a result of City adopting recommendations of PSAB (Public Sector Accounting Board) commencing in year 2000, funds previously presented as Reserve Funds have been reported as part of deferred revenue.

Note 6: Source, Statements of Financial Activities and Notes to the Consolidated Financial Statements #8.

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